GA1.13:PLRD-81-18

BY THE COMPTROLLER GENERAL

Report To The Ranking Minority Member, Committee On Appropriations United States Senate

OF THE UNITED STATES

COMPLETED

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Federal Home Loan Bank Board's Management Of Its Procurement Activities Should Be Improved

GAO reviewed certain areas of concern relating to the Board's acquisition and management of its new headquarters building and its controls over personnel awards, travel, and vehicles. The Board:

- Has not, in all cases, conformed to sound procurement practices set forth in the Federal Procurement Regulations in contracting for property and services.
- Has not ensured that its headquarters building is safe and accessible and usable by the handicapped.
- Has not properly controlled the use of vehicles and gasoline credit cards.

GAO makes a number of recommendations to improve the Board's management and controls over future acquisitions of property and vehicles.

PLRD-81-18
MAY 13, 1981

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-200733

The Honorable William Proxmire
Ranking Minority Member
Committee on Appropriations
United States Senate

Dear Senator Proxmire:

In response to your May 1, 1980, request, we reviewed certain areas of concern about the Federal Home Loan Bank Board's acquisition and management of its new headquarters building and the Board's controls over employee merit awards, travel, and use of its vehicles.

This report discusses the Board's failure to adequately conform to sound procurement practices in contracting for property and services and to properly control the use of Board vehicles. The report also recognizes those areas where no significant deficiencies were noted.

As requested by your Office, we did not obtain official comments from the Board, the General Services Administration, or non-Federal entities mentioned in our report.

As arranged with your Office, we are sending copies to the Board Chairman, other Board officials, and the contractors mentioned in the report. Unless you publicly announce its contents earlier, we plan no further distribution of the report until 5 days from the date of the report. At that time, we will send copies to other interested parties and make copies available to others upon request.

Sincerely yours,

Acting Comptroller General
of the United States

COMPTROLLER GENERAL'S REPORT
TO THE RANKING MINORITY
MEMBER, COMMITTEE
ON APPROPRIATIONS, UNITED
STATES SENATE

FEDERAL HOME LOAN BANK BOARD'S MANAGEMENT OF ITS PROCUREMENT ACTIVITIES SHOULD BE IMPROVED

D I G E S T

GAO reviewed certain areas concerning the Federal Home Loan Bank Board's acquisition and management of its new headquarters building and certain personnel activities. The specific concerns were whether:

--A food concession agreement was being administered properly.

--A November 1979 internal audit report on the building's construction and finishing contract disclosed all deficiencies and irregularities found during the audit.

--The Board complied with Federal Procurement Regulations in its real property transactions.

--The new building contains building code violations and complies with the Architectural Barriers Act.

--The Board's controls over employee merit awards, travel, and use of Board vehicles were adequate.

In addition, GAO reviewed the circumstances surrounding the termination settlement of a design contract.

The Board was granted special authority to acquire a site and to design, construct, furnish, and equip a headquarters building without regard to any other provision of law relating to site acquisition or the construction, alteration, repair, or furnishing of public or other buildings. The Board's Office of General Counsel stated that the requirements of the Federal Procurement Regulations and those statutes which underlie the regulations do not necessarily apply to the above contracting activities, but advised the Board's contracting officer to follow them whenever possible. Accordingly, the Board incorporated many aspects of the regulations into the contracts for its new

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Tear Sheet. Upon removal, the report cover date should be noted hereon.

headquarters building, but it did not conform in every case. (See chs. 1 and 5.)

ADMINISTRATION OF CONCESSION AGREEMENT

In August 1977 the Board signed a long-term concession agreement with a food concessionaire, but it later determined it lacked authority to lease its property for commercial purposes on a long-term basis. In February 1979 the U.S. District Court for the District of Columbia ruled, in connection with another agreement, that such authority could be delegated to the Board by the Congress or the General Services Administration. In September 1979 the Administrator of General Services delegated this authority to the Chairman of the Board, but required the Board to review its prior actions to ensure that the Board had met legal requirements. After making the required review, the Board found that the agreement was contrary to many legal requirements, and the Board Chairman decided not to ratify the agreement.

Currently, the Board is seeking a court order declaring the agreement invalid and requiring the concessionaire to vacate its premises. Because the matter is in litigation, GAO is not discussing at this time whether the concession agreement was being administered properly. However, GAO has included some historical information obtained only from Board sources on the events leading up to the current status of the agreement between the Board and the concessionaire. (See ch. 2.)

REPORTABLE AUDIT FINDINGS DISCLOSED

GAO believes that the Board's Office of Internal Review included all reportable findings in its November 15, 1979, audit report to the Board Chairman and Board members on its review of an interior construction and finishing contract. The auditors developed 31 potential findings but excluded 12--8 because they involved inaccurate and insufficient supporting evidence and 4 because they involved potential fraud and theft and were reported separately. (See ch. 3.)

CIRCUMSTANCES SURROUNDING TERMINATION SETTLEMENT

The Board terminated a consultant contract for space planning, interior design, and development of its new building on April 8, 1976. The contract was terminated because of problems with time schedules, contract overruns, the budget for interior finishing, and coordination with construction teammembers.

The Board paid the consultant $300,000 in settlement of the termination on October 30, 1976. However, according to a 1978 report by the Board's internal auditors, the amount included claims which were not substantiated as allowable under Federal Procurement Regulations, resulting in unnecessary costs to the Board of $270,000. As of February 1981, the Board's Office of General Counsel was reviewing this matter. Also, the Board did not adhere to good procurement practices when it (1) designated members who were not disinterested employees to a settlement review board and (2) did not request its audit office to review the settlement claim before payment. (See ch. 4.)

IMPROVEMENTS IN REAL PROPERTY PROCUREMENT CONTRACTING

GAO reviewed four past procurement transactions, valued at about $4.6 million, and learned that the Board did not follow good procurement procedures and practices in its contracting for these procurements. For example, the Board had awarded two cost-plus-a-percentage-of-cost contracts. To determine whether the Board had improved its contracting procedures, GAO reviewed seven ongoing contracts, awarded between September 1978 and September 1980. Two of the contracts, valued at about $2.5 million, had significant problems, such as the Board not obtaining prior authorization or certifying that funds were available to procure management services. The other five appeared to have been properly managed.

GAO believes that the Board could have avoided many problems if it had followed procurement practices as prescribed in Federal Procurement Regulations, contract provisions, and Board procedures. The Board has improved some of its contracting practices, but it needs to do more. (See ch. 5.)

Tear Sheet

BUILDING DEFICIENCIES AND BARRIERS TO THE HANDICAPPED

The General Services Administration was responsible for inspecting all work performed by contractors it engaged to complete the base building, and it provided appropriate inspections. The Board contracted for the work to complete the interior, to furnish the building, and to modify the base building. Consequently, it was responsible for inspecting this work. The Board's records show that some inspections were made, but the records were insufficient to tell whether all inspections were made.

The Board is spending about $600,000 to correct deficiencies it has identified. However, since it is unable to determine whether the entire building has been inspected, it cannot be sure the building is safe.

The Board has taken steps to make its building accessible to the physically handicapped, but the building is not fully accessible because architectural barriers remain, contrary to the Architectural Barriers Act. For example, doors not intended for normal use are not quickly identifiable to the touch of blind persons. Although actions are being taken to comply with this requirement, the Board estimates that the correction will not be made until June 15, 1981.

The Board reported in June 1980 that all barriers have been identified and that corrections estimated to cost $18,000 would be made. As of March 2, 1981, most barriers still existed. (See ch. 6.)

BETTER CONTROLS NEEDED OVER VEHICLES

The Board has not adequately controlled its motor pool costs and its use of vehicles. It leases three vehicles from an automobile dealer and one from General Services. The vehicles have not been driven enough miles to meet minimum usage requirements of the Federal Property Management Regulations for retention of four vehicles. The vehicles also contain unneeded equipment, such as telephones and cruise control, and the Board needs to determine whether the vehicles are being operated economically. GAO also found that the Board lacks controls to ensure that the vehicles are used only for official business. For example, the destination

of riders and purpose of trips were not properly documented and approved in control logs.

The Board should improve the controls over its vehicle usage and costs to keep its annual vehicle costs at a minimum and to better assure that vehicles are being used economically and for official purposes only.

The Board did not properly control credit cards given to vehicle drivers for the purchase of fuel and services, and current procedures do not provide such controls. (See ch. 7.)

CONTROLS OVER AWARDS AND TRAVEL APPEAR ADEQUATE

GAO tested the Board's procedures for justifying and approving employees' awards and believes the Board is properly managing its award program. GAO tested the justification and approval process for 26 of the 111 fiscal year 1980 awards and found no improprieties. (See ch. 8.)

Since the Board's Office of Internal Review had recently completed a study of the management and control of employees' travel, GAO did not perform a detailed review of this area. The Office of Internal Review concluded in its report that, for the most part, the Board is adequately complying with Federal and internal Board regulations in controlling travel. GAO noted no deficiencies in the scope of the internal audit or the conclusions. (See ch. 1.)

RECOMMENDATIONS TO THE CHAIRMAN OF THE FEDERAL HOME LOAN BANK BOARD

The Chairman of the Federal Home Loan Bank Board should direct appropriate Board officials to:

--Adopt and comply with Federal Procurement Regulations on future procurements of real and related personal property.

--Take action, to the extent possible, to bring current contracts into compliance with Federal Procurement Regulations.

--Require building inspections for that portion of the Board's headquarters building where insufficient evidence exists to show that the building has been inspected and complies with Federal building codes.

--Correct any deficiencies found in additional building inspections and document such actions.

--Reduce motor vehicle costs by (1) reevaluating the number of vehicles and the operational equipment needed and determining the costs of other alternatives, (2) devising a more efficient system of scheduling and using vehicles, and (3) analyzing vehicle lease provisions to determine the most economical way to reduce the number of leased vehicles, considering penalty clauses for cancellation in the leases.

--Establish additional controls to ensure the proper use of vehicles and the credit cards used for procuring fuel and services for them.

As requested by the Ranking Minority Member of the Senate Committee on Appropriations, GAO did not obtain official comments from the Board, the General Services Administration, or non-Federal entities mentioned in the report.

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ABBREVIATIONS

ANSI	American National Standards Institute, Incorporated
FPMR	Federal Property Management Regulations
FPR	Federal Procurement Regulations
GAO	General Accounting Office
GSA	General Services Administration
HVAC	heating, ventilating, and air-conditioning
OIR	Office of Internal Review
RDR	Recreational Development and Research, Incorporated

GLOSSARY

Base building	A facility free and clear of interior design requirements which has completed ceilings and finished walls and floors and which the owner may enjoy and have ready for occupancy at his/her convenience.
Building codes	Minimum architectural, structural, and mechanical standards for sanitation, public health, welfare, safety, and the provisions of light and air.
Building code requirements	A collection of rules and regulations adopted by authorities having appropriate jurisdiction to control the design, construction, alteration, repair, and other related factors of buildings.

CHAPTER 1

INTRODUCTION

The Federal Home Loan Bank Board is an independent agency established by the Federal Home Loan Bank Act, as amended (12 U.S.C. 1421 et seq.). The Board consists of three members who are appointed by the President with the advice and consent of the Senate. The President designates one of the members as Chairman of the Board who is also the chief executive officer of the agency. Board expenses are funded by assessments against regional Federal Home Loan Banks and the Federal Savings and Loan Insurance Corporation and charges against institutions examined by the Department of Examination, Office of Examination and Supervision.

The Board petitioned the Congress in 1966 for authorization to construct a new headquarters building. The Board was granted special authority on November 3, 1966, utilizing the services of the General Services Administration (GSA), to acquire real property in the District of Columbia and to design, construct, furnish, alterate, and equip a headquarters building on the property. This authority was exercisable, with an exception not related to this report, without regard to any other provision of law relating to the construction, alteration, repair, or furnishing of public or other buildings or structures.

Funds for construction of the Board's new headquarters building were generated by assessments on the Federal Home Loan Banks. Construction began in January 1975 and was substantially completed by September 1977. The Board's Washington office employees mainly moved into its new building in December 1977.

The Board's Office of General Counsel issued an opinion on September 6, 1977, establishing the Board's contracting policy relevant to the design, construction, alteration, and repair of the Board's new building. The opinion stated that, based on the Board's statutory authority, the requirements of the Federal Procurement Regulations (FPR) and those statutes which underlie the FPR do not necessarily apply to the Board's contracting activities relating to the design, construction, alteration, and repair of its new building. However, the Office of General Counsel advised the contracting officer to follow the FPR whenever possible. Also, the Board's Office of General Counsel ruled on August 21, 1978, that the Board's headquarters building was subject to compliance with the Architectural Barriers Act of 1968.

The new Federal Home Loan Bank Board building is a seven-story L-shaped, multiuse, multitenant facility, consisting of two lobbies on the ground floor, a two-level underground parking garage, six floors of office space, a gym, and various commercial enterprises on the ground floor. In the center of the landscaped courtyard is a public ice skating rink which, in the summer, is converted to a reflecting pool.

The former Chairman, Subcommittee on HUD-Independent Agencies (currently the Ranking Minority Member), Senate Committee on Appropriations asked us to respond to a number of questions concerning the management and construction of the building. (See app. I for a copy of the request.)

OBJECTIVES, SCOPE, AND METHODOLOGY

Our objectives were to ascertain whether Board policies and procedures, relative to the questions, were adequate to effectively carry out its real property procurement activities and whether the Board's systems of controls in the pertinent areas were adequate.

To determine the current status of the food concession agreement, we (1) evaluated inspection reports and actions taken by the Board to administer the agreement, (2) analyzed the ratification panel's report concerning the compliance of the agreement with applicable statutes and regulations, and (3) interviewed Board officials, including the Board Chairman, Executive Assistant to the Chairman, the General Counsel, other attorneys in the Office of General Counsel, and the Director of Administration. We did not discuss the agreement with the concessionaire.

To respond to the question concerning the Board's audit of the interior construction and finishing contract, we reviewed pertinent audit workpapers and the Board's November 15, 1979, report to determine what findings had been excluded. We also evaluated the nature of and reasons for excluding the preliminary findings and measured the excluded findings against the Comptroller General's "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions." We also interviewed the Director of Internal Review concerning the matter.

To answer questions about the Board's termination and settlement of the interior planning and design contract, we reviewed the contract, contract files, and Board reports. This review included, but was not limited to, the Hunter/Miller and Associates termination claim, the Board negotiator's analysis of the claim, the Board's Associate General Counsel's review of the settlement proposal and available payment records. In addition, we discussed the contract with the contracting officer, the contract administrator, and others familiar with the contract. We also determined whether the settlement review process met the requirements of the FPR. We did not discuss the termination and settlement with the former contractor.

To evaluate the effectiveness of the Board's contracting activities for real property transactions, we ascertained if the Board had followed sound procurement policies, procedures, and practices (which include the FPR) in soliciting, awarding, and administering its contracts. We interviewed procurement personnel and reviewed past studies of the Board's contracting activities and documentation from a sample of current Board contract files. From a February 28, 1978, list of contracts and purchase

orders, we selected a sample consisting of all related real property purchase orders over $30,000 or firms who had been issued six or more purchase orders to determine if proper approval had been obtained for past purchases. We did not discuss the Board's contracting and procurement activities with the contractors involved.

To determine if the building complies with building code requirements and the Architectural Barriers Act, we interviewed the former GSA project manager and the former GSA project officer to discuss GSA's design, construction, and inspections of the base building. We reviewed the contract files of six GSA contractors and corresponding inspection reports. We interviewed Board officials, including the Board's building engineer and building manager (a representative of the Board's building management firm), to discuss the Board's design, construction, finishing, and inspections of the building interior. We also reviewed the Board's contract files for its general interior contractor to ascertain if inspections had been made. We did not discuss this matter with Board or GSA contractors. In addition, we reviewed other Board correspondence and reports concerning the building's accessibility to the physically handicapped.

Where building deficiencies and architectural barriers were identified, we inquired as to corrective actions taken and the cost for correcting the deficiencies and barriers.

To test administrative controls over merit awards, we reviewed Board policies, procedures, and practices to determine if they complied with legal requirements. We also interviewed the Board's Director of Personnel and the personnel specialist in charge of the awards program. We tested the Board's justification and approval process for 26 of 111 fiscal year 1980 awards. The awards were selected on the basis of dollar value, type, and organization.

The Board currently makes an annual review of travel. It recently issued a report concerning the authorizing, recording, and disbursing of travel funds; the internal control over travel disbursements; and the maintenance of documents recording travel activities. To avoid duplicating the Board's efforts, we reviewed the Board's workpapers and report. The report, dated September 11, 1980, covered calendar year 1979 and noted that, for the most part, the Board complied with Federal Travel Regulations, Board procedures, and the Chairman's orders. However, the report noted that the Board needs (1) to seek a determination on the legality of certain travel expenses incurred by Office of Examination and Supervision examiners, (2) to make more timely followup on payment of transportation charges, and (3) to improve

instructions on the newly installed teleticketing system. We determined that the area was sufficiently covered, and no further work was performed.

To assess the effectiveness of administrative controls over vehicle use, we reviewed vehicle mileage reports and credit card, dispatcher, and vehicle use logs. We analyzed gasoline purchase receipts and compared the receipts with billings from oil companies. We discussed control procedures with the Board's supervisor of motor pool drivers, its drivers, and other Board officials connected with vehicle use. We also interviewed GSA personnel regarding GSA directives on vehicles used by agencies.

As requested by the former Subcommittee Chairman's office, we did not obtain official comments from the Board, GSA, or non-Federal entities included in our report.

CHAPTER 2

BOARD'S AGREEMENT WITH FOOD CONCESSIONAIRE

The Board entered into a long-term concession agreement with 1725 F Street, Incorporated, on August 31, 1977, allowing the concessionaire to provide food services on Board property. On February 9, 1979, the U.S. District Court for the District of Columbia ruled, in connection with another agreement, that the Board did not have authority to lease its property for commercial purposes on a long-term basis without such authority being delegated to it by the Congress or GSA. GSA delegated this authority to the Board Chairman and required him to review the past actions to determine if they were legal. The Board found that provisions in this concession agreement were contrary to many legal requirements and decided not to ratify the agreement.

Currently, the concessionaire continues to occupy the premises at the Board's discretion even though both parties (1) have substantial claims against each other in excess of $100,000 and (2) have not agreed to revisions to the agreement to bring it in compliance with the law. Because the Board and the concessionaire have not been able to reach a mutual agreement about these claims and revisions to the agreement, the Board, on December 23, 1980, filed suit in the U.S. District Court for the District of Columbia, seeking an order declaring the agreement invalid and requiring the concessionaire to vacate the premises.

Since the matter is in litigation, we are not discussing at this time whether the agreement was being administered properly. However, we have included some historical information obtained only from Board sources on the events leading up to the current status of the agreement between the Board and the concessionaire.

CONCESSIONAIRE OCCUPIES BOARD PROPERTY WITHOUT A VALID AGREEMENT

The Board, in its recently filed suit, contends that the concessionaire currently occupies Board property without a valid agreement because (1) the February 1979 court ruling stated that the Board had no authority to lease its property for commercial use on a long-term basis and (2) when later given the authority by GSA, the Board Chairman decided not to ratify the agreement because the Board's contracting actions and some of the terms of the agreement did not meet the requirements of the Public Buildings Cooperative Use Act of 1976 and other applicable laws and regulations.

The FPR (41 CFR 1-1.405) states that execution of otherwise proper contracts made by individuals without contracting authority or by contracting officers in excess of their

authority may later be ratified. Such ratification must be in the form of a written document, clearly stating that ratification of the previously unauthorized act may be made only by an official on whose behalf the contract was made if

--he could have given authority to enter into the contract before it was awarded and

--he still has the power to do so at the time of ratification.

On September 14, 1979, the Administrator of General Services delegated authority to the Board Chairman to lease space for commercial purposes in the Board building. The Administrator said:

> "Should the Board now consider ratification of these agreements pursuant to this delegation, it is expressly understood that the prior actions of Board officials in the selection of the tenant, and the terms of the agreements be reviewed again to insure that all actions taken met the requirements of the Public Buildings Cooperative Use Act of 1976, and were otherwise legally correct."

During October 1979, the Board Chairman convened a three-member panel to determine whether the agreement with the concessionaire could be ratified. On March 21, 1980, the panel recommended that the agreement not be ratified because the Board's contracting actions and some of the terms of the agreement did not meet the requirements of the Public Buildings Cooperative Use Act of 1976 and other applicable laws and regulations. According to the panel, the agreement deviated from these requirements, among other things, as follows:

--The agreement permitted a rental fee which was considerably less than the equivalent prevailing rate for comparable facilities in the vicinity.

--The agreement does not provide for wage rates required by the Davis-Bacon Act to be paid by the concessionaire.

--The agreement permitted the concessionaire to use a cost-plus-a-percentage-of-cost subcontract to construct the interior of the dining facilities, contrary to the Federal Property and Administrative Services Act of 1949, as amended (41 U.S.C. 254 [b]).

--The agreement did not contain a dispute clause mandated by GSA requirements.

--Except for telephone services, the agreement required the Board to pay for utilities which should be paid by the concessionaire.

--The agreement appeared to exceed the maximum term prescribed by GSA guidelines. GSA guidelines provide for a maximum term of 20 years, with any term over 10 years requiring GSA Central Office approval.

--The concessionaire did not meet the test of financial responsibility required by GSA procedures.

As a result, the Board Chairman decided not to ratify the concession agreement. The Board then notified the concessionaire in April 1980 that the agreement could not be ratified. Since that time the concessionaire has remained on the premises at the Board's discretion while seeking to resolve the disputes involving the parties' respective performances under the nonratified agreement.

CONTROVERSY BETWEEN BOARD AND CONCESSIONAIRE

Prior to nonratification of the concession agreement, the Board deemed the concessionaire to be in default of the agreement and accordingly, notified the concessionaire on June 4, 1979. According to the Board officials, the concessionaire did not:

--Pay all past due fees for use of facilities.

--Keep all trash and garbage areas clean and in sanitary condition.

--Provide refrigerated storage facilities for garbage.

--Obtain the Board's consent to affix signs and advertisements to the premises.

--Perform maintenance and repair work on equipment damaged by the concessionaire.

--Reimburse the Board for maintenance and repair work performed by the Board's agent (Allied Maintenance), which should have been done by the concessionaire.

The Board's legal counsel said that the concessionaire made informal claims for damages which stem from the construction phase of the concession agreement, the subsequent operation of the food complex, and the Board Chairman's ultimate decision not to ratify the agreement.

BOARD LITIGATES CONCESSION AGREEMENT TRANSACTIONS

According to the Board's legal counsel, the Board has been engaged in intensive negotiations with the concessionaire to resolve the controversy. The Board's latest proposal for settlement had a response deadline of December 18, 1980. However,

when the concessionaire failed to respond by the deadline, the Board filed suit in the U.S. District Court for the District of Columbia on December 23, 1980, seeking an order that the concessionaire vacate the premises. Further, the Board said it is preparing a detailed claim against the concessionaire which will be pursued independent of this court action.

CHAPTER 3

BOARD'S OFFICE OF INTERNAL REVIEW DISCLOSED ALL REPORTABLE FINDINGS RESULTING FROM ITS CONTRACT AUDIT

The Board's Office of Internal Review (OIR) included all reportable findings in its November 15, 1979, audit report to the Board Chairman on its review of the Tate Architectural Products, Inc., contract for interior construction and finishing of the new building. During the review, OIR prepared 31 potential findings, but it developed and reported only 19 of the findings in its final report. OIR excluded the remaining 12 potential findings because it lacked sufficient supporting evidence and because it believed potential fraud and theft were involved.

The Comptroller General has published the "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions." These standards relate to the scope and quality of audit effort and to the characteristics of a professional and meaningful audit report. Among other things, the standards state that all reports shall:

> "Include only factual information, findings, and conclusions that are adequately supported by enough evidence in the auditor's working papers to demonstrate or prove, when called upon, the bases for the matters reported and their correctness and reasonableness. Detailed supporting information should be included in the report to the extent necessary to make a convincing presentation.
>
> "Identify and explain issues and questions needing further study and consideration by the auditor or others.
>
> "State whether any significant pertinent information has been omitted because it is deemed privileged or confidential. The nature of such information should be described, and the law or other basis under which it is withheld should be stated."

According to the OIR staff assigned to evaluate the 12 excluded potential findings:

- --8 were dropped because they were considered to have inaccurate and insufficient supporting evidence.
- --4 involved potential fraud and theft which were reported separately to the Board Chairman and Board members on November 15, 1979.

We reviewed the supporting evidence for the eight potential findings which the OIR staff felt lacked accurate and sufficient support, and we agree that these findings should not have been reported.

During September 1980, the Board appointed a new Director, Internal Evaluation and Compliance, whose responsibilities include supervision over OIR. We discussed with the new Director the four potential fraud and theft findings. He felt that on the basis of information discussed that the age of the findings and the lack of supporting evidence made further pursuit of these potential findings not worthwhile. We agree with the Director's opinion.

CHAPTER 4

INFORMATION ON THE CIRCUMSTANCES SURROUNDING THE TERMINATION OF THE CONSULTANT CONTRACT

The Board contracted with Hunter/Miller and Associates on March 3, 1975, to perform consultation services in the space planning, interior design, and development of its new headquarters building. However, on April 8, 1976, the Board terminated the contract, which amounted to $615,826, because the contracting officer felt there were problems concerning Hunter/Miller's work. The contracting officer stated in a September 15, 1976, memorandum that there were continuous conflicts over time schedules, contract overruns, the interior budget, and coordination with construction teammembers. As a result, the Board paid Hunter/Miller $542,195, including a $300,000 termination payment made on October 30, 1976, as a termination settlement.

Before Hunter/Miller settled its claim with the Board, it filed a protest (B-186468) with us on May 6, 1976, charging that the termination had not been made in good faith and opposing a proposed award to another firm to complete the design services. However, Hunter/Miller withdrew its protest when the Board paid the $300,000 settlement. Subsequently, the Board awarded a $400,000 contract to Max O. Urbahn Associates, Incorporated, to perform virtually the same services as Hunter/Miller had performed.

The circumstances surrounding the termination and the results of reviews of the termination claim by the Board's settlement review board, Associate General Counsel, and audit office are shown below.

WHY THE CONTRACT WAS TERMINATED

The decision as to whether termination of a contract is in the Government's best interest is a matter for administrative determination. The Board took the position that a contracting officer had vast discretion to terminate a contract for the convenience of the Government.

The Board's contracting officer terminated Hunter/Miller's contract primarily because he determined that the Board could no longer rely on Hunter/Miller to finish the remaining work on time and within the budget. In a September 15, 1976, memorandum, the contracting officer summarized his reasons for the termination by stating that Hunter/Miller:

--Was behind on 5 of 11 key schedule items as of March 26, 1976.

--Overran cost estimates for the first phase of the contract.

--Submitted an interior budget which was exceedingly high and did not appear to reflect the Board's needs.

--Had coordination problems and difficulties in understanding and responding to the Board's needs.

Untimely coordination by the construction project teammembers caused schedule delays

GSA, as the Board's agent, awarded Turner Construction Company a contract to provide construction management services at the Board building. As the construction manager, Turner Construction Company developed a schedule of planning, design, and construction activities to be sequentially carried out by the construction project teammembers (GSA; Turner Construction Company; Max O. Urbahn Associates, Incorporated; and Hunter/Miller). However, according to Board files, the project teammembers lacked timely coordination because of design deficiencies, bad estimating, and delays in furnishing appropriate data.

Task 2 of the contract required Hunter/Miller to delineate areas of responsibility and to establish a schedule of work which was integrated properly with the overall project schedule. Hunter/Miller was required to maintain and update the schedule using time periods identical to those in the overall project schedule.

On September 19, 1975, Hunter/Miller presented a formal schedule to the Board which the contracting officer approved and which anticipated a move-in date of May 1977. However, according to the contracting officer, by late December 1975 and early January 1976, Hunter/Miller was falling behind schedule considerably. Hunter/Miller wrote that it was falling behind because of:

--Delays in obtaining interior mockup facilities, samples, and various documents.

--Inordinate coordination effort with Max O. Urbahn Associates, Incorporated, and others.

--Considerable drafting changes to its drawings due to changed requirements and overall project changes.

--Late and inaccurate drawings and other information submitted by Max O. Urbahn Associates, Incorporated.

According to the Board's contract administrator, on April 21, 1976, the GSA project manager said that GSA was contemplating lawsuits against Turner Construction Company for bad estimating and Max O. Urbahn Associates, Incorporated, for design deficiencies. However, the contracting officer said that any lawsuits could prove embarrassing to the Board. The contract administrator also said the contracting officer was reluctant to press charges against Max O. Urbahn Associates, Incorporated, because he was

considering it as a replacement for Hunter/Miller, whose contract was terminated on April 8, 1976. The Board subsequently selected Max O. Urbahn Associates, Incorporated, to succeed Hunter/Miller as the interior space designer. The GSA project manager said that the comtemplated lawsuits did not materialize.

Additional work required by the Board causes contract overruns

According to Board records, the Board required Hunter/Miller to perform additional work without making written changes as required by contract provisions. As of February 29, 1976, Hunter/Miller had billed and the Board had paid $201,178; but this amount, according to the Board's internal auditors, exceeded the amount allowed under the contract's payment provisions by $98,603.

As early as August 1975, Hunter/Miller cautioned the Board that extra work resulting from inaccurate information provided by Max O. Urbahn Associates, Incorporated, would lead to additional costs. On August 5, 1975, Hunter/Miller wrote the following to the Board:

> "By copy of this memo, I am informing the Bank Board that we do not feel that all of the dimensional information and drawings given us to date are accurate enough for Hunter/Miller and Associates to construct an accurate final set of base plans which reflect the building as it is to be built* * *."

> "I feel, however, that it is both my professional and contractural responsibility to alert all parties that it is my opinion that we are proceeding along a path that will possibly lead to extra costs to the Bank Board in that either the drawings and/or work we prepare will have to be altered in the future as more definitive drawings and dimensions are presented* * *."

On December 18, 1975, Hunter/Miller wrote the Board explaining the nature of the billings for additional work performed under each task and requesting a contract modification to cover the billings. Hunter/Miller said the billings involved rework which resulted mainly from the architect or the Board changing the building design after Hunter/Miller had performed its contract work under the tasks.

On January 19, 1976, the contracting officer requested that funds, not to exceed $29,400, be authorized to cover additional work. According to the justification provided, the task for which the funds were requested was approved without a dollar figure until such time as a reasonable estimate could be made. However, Board officials said they did not believe the contract was ever amended to include the costs.

In a May 26, 1976, memorandum to the Board's contracting officer, the Board's contract administrator stated that the Board assigned many work items to Hunter/Miller that were not covered in the contract. Some of the work items were:

--Providing elevator cab finishes for input into the elevator contract.

--Working as a consulting architect for rental space because the contractor engaged to plan, develop, and market the commercial space, provided little useful information.

--Inputing, reviewing, and commenting on the security systems proposals.

--Providing input on mechanical and electrical requirements for special facilities.

--Reviewing and commenting on the Board's Memorandum of Understanding with GSA.

--Preparing drawings and plans for interior mockup.

--Establishing a space program with the Mortgage Corporation, a component of the Board.

According to Board records, payments to Hunter/Miller beyond the amount allowed under the contract resulted from (1) the additional effort required to revise architectural drawings, (2) the additional work performed, but not specifically covered in the contract, and (3) the unreasonable time required to coordinate with the project team. As Hunter/Miller performed the additional work, it billed the Board, and the Board paid Hunter/Miller even though the contract was not adjusted to compensate for the additional work.

THE BOARD MAY HAVE INCURRED UNNECESSARY COSTS

OIR issued a report to the Board Chairman in March 1978 concerning the Hunter/Miller settlement. According to OIR, the settlement amount of $300,000 included claims which were not substantiated as allowable under "Termination for the convenience of the Government" sections of the FPR. As a result, the Board paid $270,000 unnecessarily. As of February 1981, the Board's Office of General Counsel was reviewing the matter.

The major differences between the settlement and the OIR report are in the adjustments for increase in scope due to the increased size of the building and termination costs for unabsorbed overhead. The report states that the exception to including an equitable adjustment due to an increase in the scope as part of the settlement claim is as follows:

--The claim is excessive and is not consistent with FPR limitations on settlement claims because the Board should have been liable only to the extent of services performed prior to termination settlement.

--All costs had already been billed and paid before termination.

--The contract did not contain a clause pertaining to an adjustment for the size of the building.

--Hunter/Miller billings for services performed were not based on square footage approximations.

With respect to the unabsorbed overhead costs, the report states that the auditors could not determine what Hunter/Miller meant by unabsorbed. In addition, the report states that profit and overhead incurred from the inception of the contract to its termination were included in the billings and were paid before settlement. The report indicates that the amount is for a projected 18-month period subsequent to the termination which, in OIR's opinion, makes the amount not only unsubstantiated but arbitrary.

The Board's contract with Hunter/Miller provides for adherence to the FPR in the event of termination. The FPR (41 CFR 1-8.301 [a]) prescribes, in part, that a settlement should compensate the contractor fairly for work done and for the preparations made for the terminated portion of the contract, including an allowance for profit thereon which is reasonable under the circumstance.

The following schedule shows the termination settlement amounts claimed by Hunter/Miller, on October 15, 1976, recommended by the settlement review board on October 26, 1976, (and actually paid), and recommended by the Board's audit office on March 10, 1978.

Item claimed	Claimed by Hunter/Miller	Recommended by Settlement review board	Recommended by Audit office
Adjustment for increase in scope of work due to the increased size of the building	$222,466	a/$159,959	$ -0-
Adjustment for extra work beyond the scope of the contract tasks	1,248	1,248	1,248
Termination costs:			
Hunter/Miller personnel	9,044	9,044	9,044
Procurement, termination, and legal consulting	18,446	18,446	18,446
Miscellaneous direct cost	568	568	568
Unabsorbed overhead	110,735	110,735	-0-
General damages for profit on terminated portion of contract	52,966	b/-0-	c/-
Consequential damages for profit lost on other contracts as a result of the Board's action	238,477	b/ -0-	c/ -
Total	$653,950	d/$300,000	e/$29,306

a/The $62,507 reduction is due to the Board's percentages of completion of work under the contract being less than that shown in Hunter/Miller's claim and the Hunter/Miller and Board's errors in calculations.

b/According to the Board's Associate General Counsel, on the basis of the facts it had, these items did not appear persuasive.

c/The Board's audit office made no decision on these items since they were not part of the settlement.

d/Amount of actual settlement, dated October 28, 1976, and paid October 30, 1976.

e/Our calculation of the total is based on items that the Board's audit office did not take exception to or made no decision on.

THE BOARD'S TERMINATION PROCEDURES CONFLICT WITH FEDERAL PROCUREMENT REGULATIONS

The Board convened a settlement review board in October 1976. However, its selections of members to serve on the settlement review board did not adhere to the FPR, as provided for in the Hunter/Miller contract. The FPR (41 CFR 1-8.211) states that the settlement review board shall be composed of at least three qualified and disinterested employees. The Board designated the Chief of the Special Studies Branch, the Associate General Counsel, and the current contracting officer as members of the settlement review board. However, these designated members performed functions directly related to Hunter/Miller contracting activities. Thus, they were not disinterested employees as the FPR required.

Further, the Board did not refer the settlement proposal to its audit office for appropriate examination and recommendation as required by the FPR (41 CFR 1-8.207 [a]). Hunter/Miller's termination claim was dated October 15, 1976, was settled on October 28, 1976, and was paid on October 30, 1976. The Board's audit office did not review the claim until December 1977.

CHAPTER 5

MORE CAN BE DONE TO IMPROVE THE BOARD'S PROCUREMENT PROCEDURES AND PRACTICES

Our review of four past and seven current procurement transactions, totaling about $7.4 million, disclosed that the Board did not follow sound procurement procedures and practices in the four past transactions and in two of the seven current transactions. We believe that had the Board conformed with the FPR provisions in making these procurements, it would have had greater assurance that its procurement procedures and practices might have resulted in more efficient and effective procurements. Appendix II of this report lists the deviations from procurement laws, regulations, and procedures.

BACKGROUND

The FPR (41 CFR 1-1.002) establishes uniform policies and procedures applicable to Federal agencies in the procurement of goods and services, including construction. The regulations apply to all Federal agencies to the extent specified in the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.) or in other law (41 CFR 1-1.004).

In 1966, the Congress granted the Board special authority, utilizing the services of GSA, to design, construct, furnish, and operate its new building. This statute (12 U.S.C. 1438[c]) allows the Board to exercise its authority, with an exception not related to this report, without regard to any other provision of law relating to the construction, alteration, repair, or furnishing of public or other buildings or structures. On the basis of this authority, the Board has determined that it is legally exempt from all provisions of law or regulations, including the FPR, that restrict its flexibility in the purchase, design, construction, furnishing, alteration, and repair of its building. However, the Board's Office of the General Counsel advised the Board's contracting officer on September 6, 1977, to follow the FPR wherever possible. The Board decided to conform to the FPR in many instances by including FPR requirements in contract provisions.

PAST PROCUREMENT PROBLEMS RESULT FROM NOT FOLLOWING GOOD PROCUREMENT PROCEDURES AND PRACTICES

We reviewed four past procurement transactions valued at about $4.6 million and awarded between March 1975 and February 1978. The Board did not follow good procurement procedures and practices in that:

--Adequate competition was not pursued.

--A contractor was not qualified financially but was awarded a contract.

--A contract type prohibited by the FPR was used.

--Clauses required by the FPR were not included in a contract.

--Ineffective contract administration procedures were followed.

--Excessive contract period was used.

--Improper termination settlement procedures were followed.

--Unauthorized procurements were made.

--Required determinations and findings were not prepared before offers were solicited.

--Sufficient documentation to support procurement actions was not maintained.

Examples of the lack of sound procedures and practices not followed and the resulting consequences are discussed below.

1725 F Street, Incorporated

The Board entered into a long-term concession agreement with 1725 F Street, Incorporated, to allow the commercial sale of food on Board property. Details of the Board's not following good procurement procedures and practices and the resulting consequences are discussed in chapter 2.

Tate Architectural Products, Incorporated

The Board entered into a 1-year contract with Tate Architectural Products, Incorporated, on September 19, 1977, to obtain services of a general contractor and a construction manager to supervise the interior construction and finishing of the new headquarters building. OIR's audit of this contract stated that:

--Competition on the contract was not obtained for the full contract value, which precluded the Board from realizing the cost benefits accruing under competitive bidding.

--Contractors used by Tate were not obtained competitively through advertising in the Commerce Business Daily, although the FPR encourages prime contractors to do so.

--A cost-plus-a-percentage-of-cost contracting system was used. Tate charged the Board for fees on direct costs of material, labor, overhead, and a percentage fee for

subcontractors' costs, thus providing Tate with an incentive to maximize costs.

--The contract did not prohibit using cost-plus-a-percentage-of-cost subcontracting, thus removing the incentive to hold down costs.

Hunter/Miller and Associates

The Board entered into a contract with Hunter/Miller and Associates on March 3, 1975, to perform consultation services in the space planning, interior design, and development of a new building. The Board terminated the contract on April 8, 1976, for the convenience of the Government. Chapter 4 provides details surrounding the termination, which were obtained from the Board.

Charles G. Stott and Company, Incorporated

From December 1976 through February 1978, the Board issued 35 purchase orders for furniture and fixtures to Charles G. Stott for $209,663. On October 13 and 14, 1977, the Board processed five of these purchase orders, totaling $44,187, for chairs and sofas. Before February 28, 1978, the Chairman was required to approve any purchase orders over $30,000. Because multiple purchase orders were used and each one was under $30,000, the Chairman's approval was not required. Had the Board issued a single purchase order for these procurements, it would have required the approval of the Board Chairman.

BOARD NEEDS TO IMPROVE ITS CURRENT PROCUREMENT PROCEDURES AND PRACTICES

The Board needs to improve its current contracting procurement procedures and practices by better conforming with procurement laws, regulations, and Board procedures. We reviewed seven current contracts, awarded from September 1978 to September 1980 and valued at about $2.8 million, and noted problems in procurement practices for two of those contracts valued at $2.5 million. The other five contracts appeared to have been managed properly. The results of our review of the two contracts are discussed below.

Allied Maintenance Corporation

The Board entered into a multiyear contract with Allied Maintenance Corporation on September 21, 1978, to manage the Board's building and to perform construction projects. Our review of the Allied contract showed that the Board:

--Found that it had entered into a cost-plus-a-percentage-of-cost contract, which is prohibited by the FPR (41 CFR 1-3.401 (b)). The contract was modified on June 4, 1980, to correct the improper contract type.

--Did not obtain prior authorization to procure the services and did not certify that funds were available, as required by the FPR and Board procedures. The requisition to obtain the services was not prepared until October 27, 1978, about 36 days after the contract was awarded.

--Added janitorial services to the original contract on November 13, 1978, without publicizing the procurement. Only Allied and the incumbent contractor were requested to submit proposals.

--Was lax in enforcing contract provisions that require conformance with Board subcontracting requirements. For example, four of the seven subcontracts had been negotiated sole-source without formal justification.

Recreational Development and Research, Inc.

The Board entered into a multiyear contract with Recreational Development and Research, Incorporated (RDR), on October 1, 1979, to operate and manage an ice rink during the winter months and to provide other services intended to increase revenues. In addition, RDR was to provide public entertainment in the plaza area during the months when the ice rink was not in operation.

Our review of the RDR contract showed that the Board:

--Signed a determination and findings statement, which is required by the FPR in order to obtain advance approval to negotiate the contract, on the same day the contract was awarded rather than in advance of issuing the request for proposals.

--Did not document in the contract or contract files the amount of entrance and rental fees to be charged the public or the amount to be paid to RDR for managing the facilities during the summer months. Since RDR and the Board have agreed to share in receipts of the ice rink, these fees are an important aspect of determining pricing provisions for ascertaining expected revenues. In addition, we were unable to determine what RDR had proposed as payment for the services because RDR's proposal was not in the contract file.

Board officials subsequently gave us rates for the period October 1, 1980, through September 30, 1981, and said these rates were also applicable to the prior year, but they could not locate the prior year documentation. They also gave us a copy of RDR's proposal, but the proposal does not stipulate charges for the summer program.

CONCLUSIONS

The Board has not conformed with procurement laws, regulations, and Board procedures in many respects, contrary to the advice of its Office of General Counsel and good management practices. This resulted in (1) the lack of assurance that goods and services were being obtained at reasonable prices, (2) greater use of resources to correct procurement problems, (3) the use of a contract type which encourage waste and costly performance, (4) the denial of competitive opportunities for contractors and subcontractors, especially when multiyear contracts were awarded noncompetitively, and (5) the lack of written records to support actions taken by the Board which should be available in case of dispute.

Had the Board more fully conformed with procurement laws, regulations, and Board procedures, we believe it would have had more assurance that its procurement activities might have resulted in more efficient and effective procurements.

RECOMMENDATIONS TO THE CHAIRMAN OF THE FEDERAL HOME LOAN BANK BOARD

We recommend that the Chairman require:

--Contracting personnel to adopt and comply with the FPR on future procurements of real and related personal property.

--Procurement officials to take action, to the extent possible, to bring current contracts in compliance with the FPR.

CHAPTER 6

LACK OF ASSURANCE THAT THE BOARD'S HEADQUARTERS BUILDING COMPLIES WITH BUILDING CODES AND APPLICABLE LAWS

GSA, which had responsibility for managing the construction of the base building (includes completed ceilings and finished walls and floors), documented those building deficiencies noted during its inspections and had the deficiencies corrected. However, the Board, which was responsible for the interior design and construction and any modifications it made to the base building, did not adequately document whether inspections of all such work were made. The Board can document that some inspections have occurred and that it has spent, or is spending, about $600,000 to correct deficiencies identified in these inspections. However, the Board has no assurance that all design and construction work it was responsible for was inspected and met GSA building codes. Also, the Board has identified barriers to the physically handicapped in its headquarters building. However, it had not corrected these barriers as of March 2, 1981. The Board estimated modifications and additions costing $18,000 would make the building comply with the Architectural Barriers Act.

GSA AND BOARD SHARED CONSTRUCTION RESPONSIBILITIES

Public Law 89-754, dated November 3, 1966, authorized the Board to acquire a site in Washington, D.C., and to design, construct, furnish, and equip a headquarters building on the site, utilizing the services of GSA.

GSA, acting as agent for the Board, acquired a site at 17th and G Streets, Northwest. Max O. Urbahn Associates, Incorporated, was awarded the design contract, and Turner Construction Company was awarded a contract for construction management services for the building. GSA's role as agent included completing the construction of a base building, a facility free and clear of interior design requirements which has completed ceilings and finished walls and floors. Accordingly, GSA was responsible for inspecting all work performed by contractors it engaged to complete the base building.

GSA granted the Board permission to hire a space planning consultant to design the interior. The Board awarded a contract to Hunter/Miller and Associates in March 1975 to design the building's interior. However, the Board terminated that contract on April 8, 1976, and awarded another contract to Max O. Urbahn Associates, Incorporated. On September 19, 1977, the Board engaged Tate Architectural Products, Incorporated, as general contractor and construction manager to coordinate and supervise the interior construction and the finishing of the new Board building. Accordingly, the Board was responsible for having the interior inspected.

Also, because the Board contracted to have modifications made to the heating, ventilating, and air-conditioning (HVAC), mechanical, and electrical systems (parts of the base building), it was also responsible for inspecting those systems after they were modified.

GSA PROVIDES INSPECTIONS FOR THE BASE BUILDING

GSA contract files of six contractors performing electrical, fire protection, mechanical, plumbing, HVAC, and master control work showed that GSA mechanical, electrical, and architectural inspectors inspected these contractors' construction work. These inspections had been documented in accordance with GSA procedures.

GSA has established procedures for the administration and inspection of new construction contracts. According to GSA's Construction Supervision Handbook (PBS P. 3480.2), the construction engineer should keep a list of items which are at variance with contract requirements (defects and omissions) and should request the contractor to correct the same, ensuring that all items are corrected before being covered.

Upon completion of a final inspection, an official list of defects and omissions (GSA Form 2480) is sent to the contractor and the construction engineer with a request that the contractor notify the contracting officer when work has been corrected. Separate lists are prepared for architectural, mechanical, and electrical defects and omissions. The construction engineer is responsible for assuring that the contractor completes all defects and omissions. Payment is withheld until all items have been completed and all administrative matters have been settled.

According to the former GSA project officer, Turner Construction Company (the construction engineer for the project) inspected all construction and installation work performed by GSA contractors from inception to completion of the contracts. The official list of defects and omissions contained in the respective contract files indicated that the contractors had corrected the work.

THE BOARD SHOULD COMPLETE AND DOCUMENT ITS INSPECTIONS AND CORRECT DEFICIENCIES FOUND

The Board paid Tate about $1.8 million to construct the interior of its building; however, in the absence of complete inspection records, the Board cannot show whether all inspections were made and deficiencies corrected for the interior structure, as required by GSA building code standards.

According to article II of the Tate contract, the Board agreed to have all inspection work completed within 24 hours after notification of completion. The Board would approve and

accept the completed work or would give Tate a written punch list of items not approved and accepted within 3 days. The list would provide a description and location of any discrepancies.

Tate and its subcontractors performed nearly 100 projects, including

--HVAC revisions on several floors;

--plumbing work;

--electrical and ceiling changes;

--construction work for retail spaces, the health suite, management information center, amphitheatre, credit union, print shop, library, computer room, restaurant, snack bar, and other areas;

--sprinkler system installation; and

--fire extinguisher cabinets installation.

We found four documents in the Board's contract files that showed that inspections were made and/or deficiencies found for various projects completed by Tate and its subcontractors. The general locations in the headquarters building cited in the documents follow:

--Architectural, mechanical, and engineering inspections for retail area 13.

--An architectural inspection for the Information Service Division, credit union, print shop, and library.

--A preliminary list of deficiencies for retail area 8.

--A list of deficiencies for the fifth and sixth floors, computer room, restaurant, snack bar, and other unidentified areas.

Because the above information does not indicate whether inspections were made of all areas covered under the Tate contract or whether final inspections were made where deficiencies were found, we asked Board officials for any additional documentation concerning inspections. Board officials said they did not have additional documentation and did not know whether other parts of the building included in Tate's contract were inspected. Board officials later said that construction work performed by Tate was preapproved for design compliance and inspected by the engineer/architect for code, design, and construction compliance after completion. However, Board officials did not have additional documentation of these inspections.

The Board also engaged Allied Maintenance Corporation on September 21, 1978, to manage the building, provide construction

for various areas, and review the entire building for deficiencies. According to Board officials, all construction work completed under the Allied contract since September 1978 was inspected for design, code, and construction compliance. However, we could not determine this from inspection records furnished.

Allied engaged Pompei Associates as a subcontractor to review the base building, including HVAC, mechanical, and electrical systems. Pompei found that the building, including the mechanical and electrical systems, was substantially completed in accordance with available drawings and specifications prepared by the architect and GSA. However, Pompei noted cases where the precise requirements of the contract documents were not met or the existing design required modifications as follows:

--Vehicles were bottoming out at the driveway intersection and the G Street roadway.

--The concrete surface in the loading dock ramp area had disintegrated, resulting in water leakage in the cafeteria.

--Water also leaked into the skate shop women's dressing room and the basement mechanical equipment room.

--The fire rated rollup metal doors, which open into atriums, did not operate satisfactorily.

--Various HVAC deficiencies existed throughout the building.

--Numerous deficiencies in the electrical distribution systems and lighting fixtures were present.

The Board has corrected or has plans to correct many of these base building deficiencies. According to data furnished by Allied on November 25, 1980, about $600,000 has been spent or remains obligated to make the needed modifications.

IMPROVEMENTS ARE NEEDED TO MAKE THE BOARD'S BUILDING PROPERLY ACCESSIBLE AND USABLE BY THE PHYSICALLY HANDICAPPED

The Board has taken steps to make its headquarters building accessible and usable to handicapped individuals. However, the building is not fully accessible to the physically handicapped because architectural barriers remain, contrary to the Architectural Barriers Act. A 1980 Board letter concludes that all barriers have been identified, and the Board has initiated corrective actions. As of March 2, 1981, corrections had not been made. The Board estimated the cost of corrective modifications and additions to be $18,000 as of October 1980.

The Congress enacted Public Law 90-480, known as the Architectural Barriers Act of 1968 (42 U.S.C. 4151 et seq.), to ensure that certain federally funded buildings are designed and constructed

to be accessible to the physically handicapped. GSA has implemented the act in the Federal Property Management Regulations (41 CFR 101-19.6), which applies to the Board and which states in part:

> "* * * every building shall be designed, constructed, or altered in accordance with the minimum standards in the 'American Standard Specifications for Making Buildings and Facilities Accessible to and Usable by the Physically Handicapped', published by the American National Standards Institute, Inc. (ANSI)* * *"

The ANSI standards set forth minimum requirements for 16 different aspects of a building--such as grading, parking lots, walks, entrance ramps, doors and doorways, and restrooms--to make it accessible and functional for the physically handicapped.

The Equal Employment Opportunity Commission requires agencies to survey facilities, to establish goals and timetables for removal of barriers, and to submit a report on facility accessibility to its Office of Government Employment (Equal Employment Opportunity Commission Management Directive 703). Accordingly, on June 2, 1980, the Board sent a letter to the Office of Government Employment stating that all architectural barriers in its building had been identified. The Board also stated that the following actions would be taken to remove barriers:

- --Retail space on the basement level is not accessible by ramp, but access is made by an elevator with security guards providing assistance. Therefore, a barrier removal timetable is not required.

- --Most urinals are set too high. The cost to lower the urinals will be obtained. Barrier removal is estimated by December 1980.

- --Raised letters or numbers are not used to identify rooms and offices. There is no consistent pattern to work stations and office layouts. It would be virtually impossible for blind persons to find their way. However, possible alternatives will be pursued to correct this by December 1980.

- --Doors not intended for normal use, which might prove dangerous if a blind person were to exit or enter by them, are not quickly identifiable to the touch by knurling knobs. Action is being taken to comply with this requirement by the use of unique tape or knurled knobs. Estimated completion date is September 1980.

As of March 2, 1981, the Board had not (1) lowered the urinals, (2) provided raised letters or numbers to identify rooms

and offices, and (3) installed knurled door knobs for dangerous areas. However, a Board memo states that work orders were issued to provide raised letters for elevator buttons, elevator lobbies, and entrances to the building ($1,500) and to install knurled door knobs for dangerous areas ($3,000). The Board estimates that both deficiencies will be corrected by June 15, 1981.

We noted that the Board designated the east lobby as its handicapped entrance but there are no doors permitting easy access by individuals who use wheelchairs, braces, or crutches. The doors require more than 8 pounds of pressure to be exerted to open them, which is contrary to ANSI standards. Accordingly, the Board had looked into the feasibility of installing an automatic door, estimated to cost $12,000, but it decided to install a buzzer device at the designated handicapped entrance to alert security guards for assistance.

We also noted that there were no directional signs to identify the entrance for the handicapped. The Board agreed to install directional signs.

CONCLUSIONS

Although the Board has taken steps to make its building safe for its occupants and visitors and accessible and usable to handicapped individuals, it does not have documents showing that it has complied fully with GSA building code requirements and it has not performed all modifications needed to comply with the Architectural Barriers Act. To comply fully with these requirements, the Board needs to make more inspections, document the results of those inspections, and take prompt corrective action where needed.

RECOMMENDATIONS TO THE CHAIRMAN OF THE FEDERAL HOME LOAN BANK BOARD

The Chairman should direct the Board's administrative office to:

--Require building inspections for that part of the Board's headquarters building where insufficient evidence exists to show that the building has been inspected and complies with GSA building codes.

--Correct deficiencies found during additional inspections and document such actions.

CHAPTER 7

THE BOARD NEEDS BETTER CONTROLS TO AVOID HIGH MOTOR POOL COSTS AND IMPROPER VEHICLE USE

The Board's vehicle usage rate for its four vehicles does not meet the average minimum usage objectives set out in the Federal Property Maintenance Regulations (FPMR). In addition, the Board needs to determine whether the vehicles are operated economically and are used only for official business. By improving its control over the vehicles and reassessing its need to retain four vehicles, the Board may be able to reduce vehicle costs by as much as $11,000.

ANNUAL VEHICLE COSTS CAN BE REDUCED

The Board is currently leasing four vehicles, three from an automobile dealer and one from GSA. These vehicles contain unnecessary operational equipment and are not driven enough miles to meet average usage objectives set out in the FPMR, for justifying retention of vehicles. The FPMR (41 CFR 101-39.902) prescribes usage objectives for motor pool system vehicles as follows:

> "To promote the program wherein motor pool system vehicles are used to the maximum extent feasible and only a minimum number of vehicles are retained in the inventory to provide necessary service, the following usage objectives are established:
>
> (a) Passenger-Carrying vehicles. The average usage objective for passenger-carrying vehicles is a minimum of 3,000 miles per quarter or 12,000 miles per year."

On the basis of Board vehicle mileage reports, we computed the average number of miles the four vehicles were driven annually during a 19-month period which ended July 1980. Our computation shows that the four vehicles were driven a total of 31,659 miles during this period, or an average of about 5,000 miles each on an annual basis.

On the basis of the FPMR usage objective of 12,000 miles a year a vehicle, we believe the number of vehicles retained by the Board could be limited to two rather than four. Since the four vehicles are driven only a total of about 20,000 miles annually, only two vehicles (12,000 miles a year x 2 vehicles = 24,000 miles) are warranted to meet the FPMR criterion. Rather than retain vehicles which do not meet the FPMR criterion, the Board could satisfy its needs more economically by encouraging its personnel to use local commercial travel sources.

According to the Board's supervisor of motor pool drivers, prompt use of vehicles upon request--each vehicle is used three

or four times daily--precludes a reduction in the number of vehicles. However, he said the Board has been trying to reduce its use of commercially leased vehicles and has decided to cut back on mileage in accordance with the President's memorandum directing Federal agencies to reduce fuel consumption.

We believe the Board should devise a more efficient system for using its vehicles by analyzing vehicle usage and developing a daily schedule of trips. Special usage upon request should be the exception rather than the rule. Thus, each vehicle could be used to the maximum extent possible, and only a minimum number of vehicles would be retained by the Board.

The FPMR (41 CFR 101-38.1304) also provides that all motor vehicles acquired for use by executive agencies shall be equipped with only the minimum operational equipment (if any) necessary to fulfill the operational needs for which the vehicles were acquired. However, the Board's three commercially leased vehicles contain operational equipment which we believe is not necessary to fulfill the operational needs for which the vehicles were acquired. The unnecessary equipment in each vehicle consists of two telephones, power windows, power locks, and cruise control. The GSA-leased vehicle also contains a telephone. By including this unnecessary equipment in the vehicles, the Board is incurring unnecessary costs, including a higher lease rate.

The following schedule shows the possible annual cost reductions the Board could have realized if it had leased only two vehicles and if it had excluded unnecessary operational equipment and all telephones from the vehicles.

Vehicle	Lease costs: Power locks and windows and cruise control	Lease costs: Other	Costs of telephones from 9/79 to 9/80	Total annual cost	Possible annual cost reduction (note a)
1979 Le Sabre	b/$132	c/$2,913	b/$1,489	$ 4,534	$ 4,534
1979 Fairmont	b/132	c/1,991	b/1,518	3,641	3,641
1979 Fairmont	b/132	1,991	b/1,233	3,356	1,365
1974 Torino (GSA)	N/A	1,893	b/1,217	3,110	1,217
Total	$396	$8,788	$5,457	$14,641	$10,757
Percentages	3	60	37	100	73

a/Total of items for footnotes a and b.

b/Unnecessary operational equipment.

c/Vehicles not needed to meet the FPMR usage objective.

Because the Board leased the Le Sabre and the two Fairmonts for 3-year periods ending on June 19, 1982, and on July 1, 1982, respectively, we believe the Board should evaluate its alternatives under the leases and should determine the most economical and feasible actions to take. For example, the commercial leases provide for payment of 50 percent of any remaining periodic payments, or 6 months of payments, whichever is greater, if the Board "fails to pay any monthly lease or other charge then due and payable or fails to otherwise perform any of its obligations hereunder* * *." In this case, the Board should evaluate the timing of any lease termination to ensure that reducing the number of leased vehicles is appropriately timed so as to not incur any unnecessary penalties.

According to Board officials, the present Chairman concurred with the lack of necessity for second phones in the commercially leased vehicles, and these phones were removed in March 1981. The phone in the GSA-leased vehicle will also be removed. The removal of these phones will save approximately $1,972 annually.

VEHICLES HAVE NOT BEEN USED ECONOMICALLY AND HAVE NOT BEEN ADEQUATELY CONTROLLED

The Board has not used its vehicles economically and cannot determine from its records whether the vehicles have been used for official purposes only. It lacks proper control over vehicle use and vehicle operating costs. As a result, we could only determine the four chauffeurs' salaries and uniform allowances, which cost about $33,488 annually. Further, the Board does not have adequate assurance that it complies with the FPMR subparts concerning "Energy Conservation in Motor Vehicles Management" and "Official Use of Government Motor Vehicles and Related Motor Pool Services."

Uneconomical use of vehicles

The FPMR (41 CFR 101-38.13) prescribes requirements and guidelines to promote energy conservation in the acquisition, operation, management, and maintenance of motor vehicles used for official purposes by the Federal Government. More specifically, the FPMR (41 CFR 101-38.1306) states that all passenger automobiles, when acquired by executive agencies, must achieve certain miles per gallon (MPG) fleet averages. For 1979 the required fleet average fuel economy was 22 MPG.

In a letter dated December 12, 1978, the Board Chairman provided the Administrator of General Services with the Board's fiscal year 1979 vehicle forecast report. According to that report, the Board's vehicle acquisition requirement plans concerning average miles per gallon complied with FPMR requirements. However, the Board's records show that the actual MPG for commercially leased vehicles from March 1980 through September 1980 ranged from 25 to 41 percent lower than the city MPG ratings furnished by dealers selling the same vehicles with the same equipment.

The following schedule compares actual MPG with city rated and forecasted MPG as prescribed in the FPMR.

Vehicle	MPG per Board's forecast	MPG per City rating	Actual MPG	Actual under city rating MPG	Actual under city rating Percent
1979 Le Sabre	19	15	11.2	3.8	25
1979 Fairmont	24	20	11.8	8.2	41
1979 Fairmont	24	20	12.7	7.3	37

Since the Board obtains only 59 to 75 percent of the city MPG ratings, we believe the Board needs to determine whether more economical use can be made of its vehicles. In view of the wide disparity between the actual and city ratings, the Board should analyze the reasons for the low mileage and should determine whether to encourage its drivers to adopt more efficient driving habits or to more closely monitor fuel purchases.

Board officials said the vehicles were road tested by Board officials, and a 13-MPG performance was verified for inner city driving. The vehicles were also taken to the dealer for a maintenance check, but they had not been road tested to determine if performance had improved. They also said the diverse responsibility and function of Board members require that a vehicle be available for each member at all times. In addition, availability to other senior officials is made when the vehicles are not otherwise committed.

Controls over use of credit cards

The FPMR (41 CFR 101-38.1202) states that it is essential that Federal agencies ensure that supplies and services procured with Standard Form 149, U.S. Government National Credit Card, are for the official use of the agency involved and that administrative control is maintained to prevent unauthorized use of credit cards.

We examined the Board's credit card purchases and practices from March through September 1980 and found that the Board lacked the following controls.

--Drivers have access to the credit cards each time they take a vehicle because cards are attached to the key chain, but they only record the credit card numbers on a log when purchases are made. According to Board records, credit cards were logged for purchases on about 8 percent of the available workdays during this period. By not controlling the accessibility of the credit cards on a daily basis, the Board has no control over whether cards are being used only for authorized purposes.

--Credit cards were not always secured overnight in properly locked containers because the drivers' supervisor kept the key and frequently left before all drivers returned. Therefore, keys and cards for vehicles that arrived after the supervisor left remained unsecured.

--Receipts from the oil company were not compared to receipts from the drivers to determine that charges were proper. In one case, the Board paid an oil company for purchases that it had not made.

--Oil company receipts for a single day showed 29.7 gallons of gasoline were purchased for a vehicle with a 16-gallon tank, even though the vehicle log indicates that it was driven only 45 miles that day. Daily fuel purchases beyond the capacity of a vehicle driven a relatively short distance should be reviewed for unauthorized use of Government funds.

In a March 4, 1981, memorandum, the Board issued new procedures to control credit cards. According to the new procedures, each driver must sign out a credit card to obtain gasoline only when needed. After obtaining the gasoline, the driver must return the card and record appropriate information in a gasoline log. The Printing and Distribution Chief, who manages the supervisor of the drivers, will control credit cards. These procedures address controls over physical use of the credit cards, but they do not provide full control against unauthorized use of the cards. Additional controls are required in the examination of the bills received from the oil companies.

Controls over use of vehicles

The FPMR (41 CFR 101-39.602) states that:

"Officers and employees of the Government shall use Government-owned or leased vehicles for official purposes only. 'Official purposes' does not include transportation of an officer or employee between his place of residence and place of employment, unless authorized under provisions of 31 U.S.C. 638a(c)(2), or other applicable law. A copy of such written approval must be furnished the motor pool system. Officers and employees entrusted with motor vehicles are responsible at all times for the proper care, operation, maintenance, and protection of the vehicle. Any officer or employee who willfully uses or authorizes the use of such vehicle for other than official purposes is subject to suspension or removal by the head of his agency (31 U.S.C. 638a[c][2])* * *."

The Board uses a dispatcher's log and a vehicle log to control the use of its vehicles. The dispatcher's log is used to record requests for use of vehicles. The vehicle log is

used to record the actual use of vehicles. Our examination of these logs showed that they lack information needed to control vehicle use. For example, the dispatcher's log omits or seldom shows the time vehicles are returned, the purpose of trips, and passengers' names. Similarly, the vehicle logs omit or seldom show the number of riders, destination of riders, and purpose of trips.

We believe the Board's records lack critical information on the use of vehicles and credit cards. Therefore, the Board cannot determine properly whether vehicles have been used economically and for official purposes only. We believe the Board needs to revise its system of controls over vehicle and credit card use to assure adherence to the FPMR. In addition, the Board needs to monitor its system to enforce its requirements and to obtain feedback showing (1) whether the controls have been implemented properly and (2) whether the use of vehicles has been in compliance with the FPMR.

CONCLUSIONS

The Board does not have effective controls over the acquisition and use of motor pool vehicles. Consequently, the Board may have leased more vehicles than it needs. Also, the vehicles contain unnecessary operational equipment, and controls are inadequate to ensure that the vehicles are used economically. Further, the Board cannot determine whether the vehicles and the fuel credit cards are being used for official purposes only.

Unless appropriate steps are taken to develop and use effective controls to assure that the Board complies with the FPMR, the Board's motor pool operations will continue to be costly and to lack adequate assurance that only authorized use is made of vehicles and credit cards.

RECOMMENDATIONS TO THE CHAIRMAN OF THE FEDERAL HOME LOAN BANK BOARD

The Chairman should direct Board personnel to:

--Reduce motor pool costs by:

(1) Determining the number of vehicles and the operational equipment needed, considering applicable FPMR requirements on mileage and operational equipment restrictions and the cost of other alternatives.

(2) Devising a more efficient system for using vehicles, considering planned daily trips on a scheduled basis and limiting use by request to only special occasions.

(3) Analyzing provisions of current leases to determine the most economical way to reduce the number of leased vehicles.

--Establish additional controls to ensure the proper use of credit cards and vehicles.

CHAPTER 8

PERSONNEL AWARD DATA

SHOWS NO IRREGULARITIES

During fiscal year 1980, the Board's awards committee approved 111 awards for its Washington office employees. On the basis of award type, organizational unit, and dollar value, we reviewed 26 of these awards to test the Board's procedures for justifying and approving awards. We found no improprieties in the Board's management of its employee awards program.

The Board has established written procedural guidelines to carry out its awards program. Basically, an official may recommend one of four types of awards for an employee by completing and signing a Form 670 and forwarding it to the office director for review and approval. If approved, the director forwards the form to the awards committee for review to ensure conformity with the Office of Personnel Management requirements as contained in Board policy and guidelines.

Board guidelines permit any employee meeting eligibility criteria to be recommended for an award. The award amount depends upon the employee's sustained achievement or performance, the benefit to the Board, and grade level. All proposed awards must be fully justified before they are approved.

Our review of the 26 awards, ranging from $50 to $3,000, disclosed that all recipients were granted awards in accordance with Board policy and guidelines. As a result, we believe the Board is managing its award program properly.

APPENDIX I

APPENDIX I

[redacted]

United States Senate

COMMITTEE ON APPROPRIATIONS
WASHINGTON, D.C. 20510

May 1, 1980

Honorable Elmer B. Staats
Comptroller General of the United States
General Accounting Office
Washington, D. C. 20548

Dear Elmer:

The Federal Home Loan Bank Board has expressed an interest in hiring a private law firm to investigate certain allegations of improper procedures and practices followed by Board employees involved in awarding contracts for the interior design and furnishing of the new Bank Board building and for the leasing of space in the building to the private sector. I would prefer, in view of the General Accounting Office's past work regarding the new building, that GAO, with the support of the Bank Board, conduct this investigation.

I would like your office to focus on the following areas of concern in your investigation:

1. Determine whether the 1725 F St. Corporation lease is being administered in accordance with the terms of the lease.

2. Determine whether the internal audit report on the contract with Tate Architectural Products, Inc., made full disclosure on contracting deficiencies and irregularities found during its audit.

3. What are the circumstances surrounding the $300,000 termination payment on the Hunter/Miller contract? Determine how much work was done, how much profit the Bank Board agreed to pay, and why the contract was terminated.

4. Review the administrative compliance with Federal Procurement Regulations regarding real property transactions and especially determine whether a limitation on expenditures was established for which the Chairman's signature was required. Also, determine whether there was an overt attempt to split purchase requests in order to avoid obtaining a higher official's approval.

APPENDIX I

5. Determine whether allegations that the new building contains building code violations and does not comply with the Architectural Barriers Act are valid. If valid, determine the actions that have been taken to correct these violations.

6. Review the administrative controls over employee merit awards, travel and travel expenses, and use of Bank Board vehicles.

The Subcommittee staff is available to your staff to discuss any questions you may have or to further elaborate upon our needs.

I appreciate your continuing help.

Sincerely,

William Proxmire, Chairman
HUD-Independent Agencies Subcommittee
Senate Appropriations Committee

WP:tvk

FEDERAL HOME LOAN BANK BOARD

DEVIATIONS FROM PROCUREMENT LAWS, REGULATIONS,

AND PROCEDURES

FROM MARCH 1975 TO SEPTEMBER 1980

Citation	Criteria	Contracts and purchase orders not meeting criteria (note a)					
		A	B	C	D	E	F
40 U.S.C. 276 (a)	Construction contracts using mechanics and laborers shall contain a provision stating the minimum wages to be paid the various classes of laborers or mechanics to be employed on the project.	X					
40 U.S.C. 490 (h) (1)	Lease agreements should not bind the Government for periods in excess of 20 years.	X					
40 U.S.C. 490 (j)	Rental rates shall approximate commercial charges for comparable space and services.	X					
41 CFR 1-1.009-2	The head of each agency shall prescribe a formal procedure for the control of deviations within the agency. The contract file shall disclose the nature of the deviation and the reasons for such special deviation.		X				
41 CFR 1-1.313	Each contract file should contain documentation of actions taken on each contract.		X			X	X

a/Refer to key shown at the end of app. II.

APPENDIX II

Citation	Criteria	Contracts and purchase orders not meeting criteria (note a) A	B	C	D	E	F
41 CFR 1-1004	Awards of all unclassified contracts to be performed in whole or in part within the United States, exceeding $25,000 in amount, shall be publicized in the Department of Commerce Synopsis.		X			X	
41 CFR 1-1.1203 (1)(a)	A prospective contractor must have adequate financial resources or the ability to obtain such resources as required during the performance of the contract.	X					
41 CFR 1-3.101 (b)(3) and (4)	No contract shall be entered into as a result of negotiation unless or until such clearances or approval as is prescribed by applicable agency procedures have been obtained and the prospective contractor has been determined to be responsible, in accordance with subpart 1-1.12.	X				X	
41 CFR 1-3.101 (c)	Whenever property or services are to be procured by negotiation, proposals shall be solicited from the maximum number of qualified sources, including small business concerns, consistent with the supplies or services to be procured, in accordance with the basic policies set forth in part 1-3.	X					X

a/Refer to key shown at the end of app. II.

Citation	Criteria	Contracts and purchase orders not meeting criteria (note a) A	B	C	D	E	F
41 CFR 1-3.101 (d)	Negotiated procurements shall be on a competitive bases to the maximum practical extent.	X	X			X	
41 CFR 1-3.306	Determination and findings for authority to negotiate required by section 1-3.202, 1-3.207, 1-3.208, and 1-3.210 through 1-3.214 shall be signed by the appropriate official prior to issuance of a request for proposals.		X			X	X
41 CFR 1-3.401 (b)	The cost-plus-a-percentage-of-cost system of contracting shall not be used. In furtherance of this policy, all prime contracts on other than a firm fixed-price basis, shall have an appropriate clause which prohibits cost-plus-a-percentage-of-cost subcontracts.	X	X			X	
41 CFR 1-3.403 (a)	Each contract file shall include documentation to show why the particular contract type was used.			X			
41 CFR 1-3.802 (c)(2)	Each request for proposal shall state the relative importance of cost or price, technical considerations, and other factors for purposes of proposal evaluation and contract award. Numerical weights which may be employed in the evaluation of proposals may be disclosed in solicitations.		X				

a/Refer to key shown at the end of app. II.

APPENDIX II

Citation	Criteria	Contracts and purchase orders not meeting criteria (note a) A	B	C	D	E	F
41 CFR 1.3 805-1 (a)	After receipt of initial proposals, written or oral discussions shall be conducted with all responsible offerors who submitted proposals within a competitive range, price and other factors considered.	X					
41 CFR 1-3.807-2 (a)	Some form of price or cost analysis should be made in connection with every negotiated procurement action.		X				
41 CFR 1-7.602	The dispute clause (41 CFR 1-7.602-6) shall be inserted in all advertised and negotiated fixed-price construction contracts.	X					
41 CFR 1-8.207 (a)	Each termination settlement proposal submitted by a prime contractor shall be referred by the contracting officer to the agency audit office for appropriate examination and recommendation when the amount of claim is $2,500 or over.			X			
41 CFR 1-8.211-1	Each settlement review board should be composed of at least three qualified and disinterested employees.			X			
41 CFR 1-8.301 (a)	A settlement should compensate the contractor fairly for the work done and the preparation made for the terminated portions of the contract.			X			

a/Refer to key shown at the end of app. II.

APPENDIX II

Citation	Criteria	Contracts and purchase orders not meeting criteria (note a) A	B	C	D	E	F
41 CFR 1-8.701 (e)(3)	The amount due the contractor by reason of termination includes the reasonable cost of settlement, including accounting, legal, clerical, and other expenses reasonably necessary for the preparation of settlement claims and supporting data with respect to the terminated portion of the contract.			X			
41 CFR 1-15.205-42 (f)(3)	Indirect costs related to salary and wages incurred as settlement expenses normally shall be limited to payroll taxes, fringe benefits, occupancy cost, and immediate supervision.			X			
Board Guidelines, 910.5	All proposed contract work must first be authorized by approval of FHLBB Form 812, Requisition. The requisition must go through various approval levels, including certification as to availability of funds. The last and highest approval is dependent on the dollar value, with Chairman approving all procurements over $20,000. A minimum of three bids or quotations must be obtained for each procurement unless otherwise justified. Written bid or quotation is required for purchase in excess of $5,000.				X	X	

a/Refer to key shown at the end of app. II.

APPENDIX II

Key:

Code	Contractor/vendor
PAST PROCUREMENTS	
A	1725 F Street, Inc.
B	Tate Architectural Products, Inc.
C	Hunter/Miller and Associates
D	Charles G. Stott and Company, Inc. (Purchase orders)
CURRENT PROCUREMENTS	
E	Allied Maintenance Corporation
F	Recreational Development and Research, Inc.

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